



Distrigas Corporation  
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May 6, 1999

Via Federal Express

Office of Natural Gas and Petroleum  
Import and Export Activities  
U.S. Department of Energy  
Fossil Energy  
Forrestal Building, Room 3E-042, FE-34  
1000 Independence Avenue, SW  
Washington, DC 20585

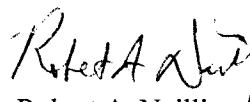
Re: Distrigas Corporation, FE Docket No. 95-100-LNG

Dear Sirs:

Pursuant to Ordering Paragraph C of DOE/FE Order No. 1115 issued in the above referenced docket, Distrigas Corporation hereby provides notification of commencement of LNG deliveries authorized in Paragraph A of that Order. The first delivery of imported LNG arrived in Everett, Massachusetts on May 6, 1999.

Pursuant to Ordering Paragraph B of that Order, enclosed you will find a copy of the LNG Sales Contract dated April 16, 1999, under which Distrigas Corporation is importing this and future deliveries from Trinidad.

Very truly yours,

  
Robert A. Nailling  
Assistant Secretary

Enclosure  
DOE.M19

REC'D DOE/FE  
MAY 10 A 8:31

**LNG SALES CONTRACT**

19990416/FE  
11:00 A 3:31

This **LNG SALES CONTRACT** (the "Contract"), dated and effective as of the 16<sup>th</sup> day of April, 1999, is made in Bridgetown, Barbados, West Indies, by and between

**CABOT LNG TRADING LIMITED**, a corporation organized under the laws of the British Virgin Islands ("Seller"), on the one hand,

and

**DISTRIGAS CORPORATION**, a corporation organized under the laws of Delaware, United States of America ("Buyer"), on the other hand.

Seller and Buyer are sometimes referred to herein individually as a "Party" or collectively as the "Parties."

**PREAMBLE**

**WHEREAS**, Atlantic LNG Company of Trinidad and Tobago ("Atlantic LNG") is in the final stages of constructing a Natural Gas liquefaction and processing plant and related facilities in the Republic of Trinidad and Tobago (the "Trinidad LNG Facilities"), the first liquefaction train of which is expected to be capable of liquefying and exporting approximately 400,000 MMBtus of Natural Gas per day in the form of Liquefied Natural Gas ("LNG"); and

**WHEREAS**, Atlantic LNG and Cabot LNG Corporation ("Cabot LNG") have entered into an LNG Sales Contract dated July 27, 1995 (the "Trinidad LNG Sales Contract"), pursuant to which Cabot LNG has agreed to purchase up to 83,200,000 MMBtus of LNG per year for an initial term of 20 years, an amount representing approximately sixty percent (60%) of the output of the first liquefaction train of the Trinidad LNG Facilities; and

**WHEREAS**, by Assignment dated as of the date hereof (the "Assignment"), Cabot LNG has assigned all of its rights and obligations under the Trinidad LNG Sales Contract to Seller, an indirect wholly-owned subsidiary of Cabot LNG; and

**WHEREAS**, Seller desires to resell and deliver to Buyer certain volumes of LNG purchased by Seller under the Trinidad LNG Sales Contract, and Buyer desires to purchase and receive these LNG volumes for importation into the United States of America and elsewhere;

**NOW, THEREFORE**, in consideration of the mutual agreements contained herein, Seller and Buyer hereby agree as follows:

**ARTICLE 1 - DEFINITIONS**

The terms or expressions set forth below will have the following meanings when used in the Contract, and where the context permits the singular shall include the plural and vice versa:

**Affiliate**: A company, partnership or other legal entity which controls, or is controlled by, or which is controlled by an entity which controls, a Party.

Annual Contract Quantity (ACQ): Seller's Annual Contract Quantity under the Trinidad LNG Sales Contract.

Annual Delivery Programme: As defined in the Trinidad LNG Sales Contract.

Assignment: As defined in the Preamble.

Atlantic LNG: As defined in the Preamble.

Base Rate: The rate of interest announced from time to time to the press by Citibank, N.A., New York ("Citibank") as Citibank's base rate, which may not be the lowest rate charged by Citibank to its borrowers. If there is any doubt as to the base rate for any period, a written confirmation signed by an officer of Citibank shall conclusively establish the base rate in effect for such period. In the event that Citibank shall for any reason cease quoting a base rate as described above, then a comparable rate shall be determined using rates then in effect and shall be used in place of the said base rate.

Boil-Off Adjustment: As defined in Article 5.1.

British Thermal Unit (Btu): One Btu = 1,055.056 Joules.

Business Day in the United States: Every day other than Saturdays on which commercial banks are ordinarily open for business in the city of Boston, Massachusetts, U.S.A.

Cabot LNG: As defined in the Preamble.

Cargo: A full cargo lot of LNG.

Contract Year: A period of twelve (12) calendar months during the terms of this Contract commencing on October 1 of one calendar year and ending on September 30 of the following calendar year, except for (a) the first Contract Year, which shall commence on the Date of First Commercial Supply and end on the following September 30, and (b) the last Contract Year of the Contract Term, if such Year ends prior to September 30.

Date of First Commercial Supply: As defined in Article 4.3.

Date of Initial Supply: As defined in Article 4.1.

Default Notice: As defined in Article 9.7(a).

Delivery Point: As defined in Article 12.

Diverted Cargo(es): As defined in Article 5.2.

Everett Receiving Facilities: The LNG receiving terminal facilities at the port of Boston, Massachusetts, U.S.A., including, without limitation, berthing and unloading facilities, LNG storage tanks, a regasification plant, and truck loading facilities, as currently existing and as they may be modified from time to time.

Force Majeure: As defined in Article 13.1(a)

Gross Heating Value: The quantity of heat, expressed in British Thermal Units, produced by the complete combustion in air of one unit (mass or volume) of anhydrous Natural Gas, at a temperature of 60.0 degrees Fahrenheit (15.5556°C) and an absolute pressure of 14.696 pounds per square inch, with the air at the same temperature and pressure as the Natural Gas, after

cooling the products of the combustion to the initial temperature of the Natural Gas and air, and after condensation of the water formed by combustion.

Initial Supply Period: The period commencing on the Date of Initial Supply and ending on the Date of First Commercial Supply.

Liquefied Natural Gas (LNG): Natural Gas in a liquid state at or below its boiling point at a pressure of approximately one (1) atmosphere.

LNG Tanker: An ocean-going vessel, meeting the requirements of Article 6.2, suitable for transporting LNG, which is used for the transportation of LNG delivered to Buyer under this Contract.

Loading Port: The port where the Trinidad LNG Facilities are located.

Make-Up LNG: LNG which Seller is entitled to receive under Article 5.4 of the Trinidad LNG Sales Contract.

Marketing Affiliate: Any Affiliate of Buyer which purchases LNG or Regasified LNG from Buyer or any Affiliate of Buyer (whether Buyer or Buyer's Affiliate purchased such LNG or Regasified LNG from Seller or other LNG Suppliers) and resells such LNG or Regasified LNG.

MMBtu: One million (1,000,000) Btus.

Month: A calendar month.

Monthly Statement: As defined in Article 9.2.

Natural Gas: Any hydrocarbons or mixture of hydrocarbons and other gases consisting predominately of methane, which are or is in a gaseous state at atmospheric pressure and a temperature of fifteen (15) degrees Celsius.

Off-Spec LNG: As defined in Article 10.3(a).

Regasified LNG: Natural Gas derived from LNG.

Reserves: The reserves of Natural Gas in subsurface reservoirs in the Republic of Trinidad and Tobago from which is produced the Natural Gas to be supplied as feedstock and fuel to the Trinidad LNG Facilities.

Standard Cubic Foot: As defined in Article 10.1.

Trinidad LNG Facilities: As defined in the Preamble.

Trinidad LNG Sales Contract: As defined in the Preamble.

Whenever in this Contract a matter is stated to be in the "sole option" or "sole discretion" of a Party, it is acknowledged that the exercise of such option or discretion may not be challenged in any legal or arbitral proceeding whatsoever. References in this Contract to Articles or Schedules are to the Articles and Schedules of this Contract, except as otherwise provided.

## **ARTICLE 2 - SCOPE**

### **2.1 Sale and Purchase**

Seller agrees to sell and deliver to Buyer at the Delivery Point, and Buyer agrees to purchase, receive at the Delivery Point and pay for, LNG in the quantities, at the price and in accordance with the other terms and conditions set forth in this Contract.

### **2.2 Trinidad LNG Sales Contract**

Seller shall act diligently and in good faith to enforce its contractual rights under the Trinidad LNG Sales Contract and shall not, without the prior written consent of Buyer, such consent not to be unreasonably withheld, amend or waive any of its rights under the Trinidad LNG Sales Contract in a manner that might adversely affect Buyer's rights hereunder.

### **2.3 Everett Receiving Facilities**

Buyer shall, during the Contract Term, directly or through an Affiliate, own, have access to and use of, and maintain and operate or cause to be maintained and operated in compliance with all applicable laws, rules and regulations the Everett Receiving Facilities for the performance of its obligations under this Contract.

## **ARTICLE 3 - DURATION OF CONTRACT**

This Contract shall become effective on the date of its execution, shall continue in effect for the term of the Assignment, and shall terminate automatically upon termination of the Assignment; provided, however, that in the event that at the time of termination of the Assignment, an LNG Tanker is loaded with a cargo to be delivered to Buyer hereunder, this Contract shall continue in effect until such Cargo is delivered at its intended Delivery Point and discharged at the designated LNG receiving terminal; and provided further, that the provisions of Article 9 shall remain in effect until all amounts due and owing for LNG delivered prior to termination of this Contract have been paid.

## **ARTICLE 4 - INITIAL SUPPLY PERIOD OBLIGATIONS**

### **4.1 Date of Initial Supply**

Atlantic LNG's best estimate of the date upon which the first Cargo will be available for delivery to Seller under the Trinidad LNG Sales Contract is April 17, 1999. This date ("Date of Initial Supply") shall be the first day of the Initial Supply Period whether or not any delivery of LNG to Seller actually occurs on such date.

### **4.2 LNG Deliveries During Initial Supply Period**

At the end of each Month during the Initial Supply Period, Seller shall provide to Buyer Atlantic LNG's estimate of the total quantity of LNG available to be delivered to Seller under the Trinidad LNG Sales Contract and of the planned LNG deliveries to Seller during the remaining Month(s) of the Initial Supply Period. Seller shall promptly provide

to Buyer any update provided by Atlantic LNG of its good faith estimate of the Date of First Commercial Supply.

4.3 Date of First Commercial Supply

The Date of First Commercial Supply shall be as defined and determined under the Trinidad LNG Supply Contract.

**ARTICLE 5 - QUANTITIES**

5.1 Basic Quantity Obligation

Subject to Article 5.2 below, Seller shall sell and deliver to Buyer, and Buyer shall purchase, receive and pay for at the applicable Contract Price, all quantities of LNG purchased and received by Seller under the Trinidad LNG Sales Contract (including quantities of Make-Up LNG), minus (i) the amount of LNG in any Diverted Cargoes, and (ii) the quantity of LNG which boils off during transit between the Trinidad LNG Facilities and the Everett Receiving Facilities ("Boil-off Adjustment").

5.2 Diverted Cargoes

With the consent of Buyer, such consent not to be unreasonably withheld, Seller shall have the right to divert any Cargo loaded for Seller at the Trinidad LNG Facilities and to resell and deliver the Cargo to a purchaser other than Buyer (such Cargo to be referred to as a "Diverted Cargo"). Buyer shall not be obligated to purchase, receive and pay for any such Diverted Cargo.

**ARTICLE 6 - LOADING AND TRANSPORTATION**

6.1 Seller's Obligation To Provide Transportation

Seller shall provide, or cause to be provided, at its own cost, the LNG Tankers required to transport all quantities of LNG to be sold and delivered hereunder from the Loading Port to the Delivery Point and from the Delivery Point to the Everett Receiving Facilities or other LNG receiving facility at which the Cargo is to be discharged. Seller shall be responsible for all costs, including tugs and other port costs, of transportation of all quantities of LNG to be sold and delivered hereunder from the Loading Port to the Delivery Point and from the Delivery Point to the Everett Receiving Facilities or other LNG receiving facility at which the Cargo is to be discharged.

6.2 LNG Tankers

- (a) Each LNG Tanker shall at all times be maintained and safely operated; shall be compatible with the Trinidad LNG Facilities; shall be compatible with the Everett Receiving Facilities; and shall comply with the following:
  - (i) be equipped so as to permit the safe unloading of a cargo at the Everett Receiving Facilities in approximately twelve (12) hours of pumping times;

- (ii) be equipped with communications equipment which shall comply with applicable regulations and permit the LNG Tanker to be in communication with land stations and the control rooms at any receiving facilities;
  - (iii) be equipped with adequate facilities for mooring, unmooring, handling LNG and port navigation;
  - (iv) be maintained in class with the American Bureau of Shipping, Lloyds Register of Shipping, Nippon Kaiji Kyokai or Det Norske Veritas; provided, however, that if Atlantic LNG permits loading of a vessel (whether or not such loading is for the account of Seller) classified by Bureau Veritas, Bureau Veritas shall thereafter be an additional classification society for purposes of this sub-Article (iv);
  - (v) be in compliance with all applicable laws, treaties, conventions, requirements and regulations of the country of vessel registry, the United States of America and the Republic of Trinidad and Tobago which relate to seaworthiness, pollution, design, safety, navigation, operation and similar technical and operational matters as they may be in effect with respect to the LNG Tankers from time to time;
  - (vi) be manned with a qualified and competent crew including, without limitation, the Master and enough crew members fluent in written and spoken English to co-ordinate with personnel at the Loading Port and a Master, Chief Engineer, Chief Mate and Cargo Engineer (and such other officers having responsibilities associated with the preparation of the LNG Tanker for loading) who are all trained and certified to a standard customary for a first class LNG tanker operator.
  - (vii) be adequately covered by all customary marine insurance policies, including the hull and machinery coverage and protection and indemnity coverage available in the English market (or other major insurance markets which may provide similar marine insurance) in the amounts and at the levels customarily maintained by first class operators.
- (b) Buyer shall have the right to inspect any LNG Tanker proposed to be used by Seller for the delivery of any LNG under this Contract. Buyer shall have the right, not to be exercised unreasonably, to reject any LNG Tanker that does not comply with the provisions of this Contract, provided that:
  - (i) neither the exercise nor the non-exercise, nor anything done or not done in the exercise or non-exercise by Buyer of such right, shall reduce the responsibility of Seller, or of the Master or owner of such vessel or any other person, to Buyer or third parties in respect of such vessel and her operation, nor increase Buyer's responsibilities to Seller or third parties for the same; and
  - (ii) Buyer shall not be liable for any act, neglect or default by itself, its servants, agents or contractors in agreeing to the use of a vessel as an

LNG Tanker or (except to the extent Buyer's agreement is unreasonably withheld) in failing to so agree.

6.3 Modifications

At Buyer's request, Seller shall use reasonable efforts to make, at its own expense, any modifications to an LNG Tanker that may be required to make the LNG Tanker compatible at an LNG receiving facility at which Buyer has requested that a Cargo be delivered.

**ARTICLE 7 - SCHEDULING**

Buyer and Seller shall closely cooperate in the development of the Annual Delivery Programme and other loading schedules pursuant to Article 7 of the Trinidad LNG Sales Contract. Prior to providing to Atlantic LNG any information or proposed loading schedules required thereunder, Seller shall consult with Buyer, and no such information or proposed loading schedule shall be provided to Atlantic LNG without the consent of Buyer, such consent not to be unreasonably withheld. Upon the receipt of any notices, information or loading schedules from Atlantic LNG pursuant to Article 7 of the Trinidad LNG Sales Contract, Seller shall promptly provide such notices, information or loading schedules to Buyer. Seller shall not agree to any loading schedule proposed by Atlantic LNG without the consent of Buyer, such consent not to be unreasonably withheld.

**ARTICLE 8 - PRICE**

Buyer shall pay to Seller for each Cargo delivered hereunder the amount determined in accordance with Exhibit A.

**ARTICLE 9 - INVOICING AND PAYMENT**

9.1 Cargo Invoices and Documents

- (a) Not later than eight (8) days in advance of each Month during the term of this Contract, Buyer shall notify Seller by facsimile of Buyer's good faith estimate of the price per MMBtu that would be payable pursuant to Article 8 for such Month (the "Estimated Contract Price"), together with reasonable details of the basis of the calculation.
- (b) Promptly after completion of each loading of an LNG Tanker at the Trinidad LNG Facilities (other than the loading of a Diverted Cargo), Seller shall furnish to Buyer a certificate of volume loaded together with such other documents concerning the Cargo as may be reasonably requested by Buyer for purposes of United States customs clearance.
- (c) Seller shall further, within seventy-two (72) hours of completing the loading, furnish copies of all laboratory analyses of the quality and Gross Heating Value of the LNG to Buyer and shall promptly furnish Buyer, or Buyer's representative,



with a certificate with respect thereto together with details of the calculation of the number of MMBtus loaded.

- (d) Promptly upon completion of such analysis and calculation, Seller shall furnish by facsimile to Buyer an initial invoice, stated in U.S. Dollars, in the amount of the product of the Estimated Contract Price, and the number of MMBtus loaded (adjusted downward by the estimated Boil-Off Adjustment). At the same time, Seller shall send Buyer an original of the invoice and relevant documents showing the basis for the calculation thereof.

## 9.2 Monthly Statement

No later than the thirtieth (30th) day following the end of each Month, Buyer shall prepare and deliver to Seller a statement ("Monthly Statement") showing its calculation of the amount payable pursuant to Article 8, for such Month, and reasonable details of the basis for the calculation thereof together with reasonable supporting documentation.

## 9.3 Supplemental Invoices

- (a) No later than the tenth (10th) day following receipt of the Monthly Statement furnished by Buyer pursuant to Article 9.2, Seller shall prepare and send to Buyer a supplemental invoice, in U.S. Dollars, for each Cargo purchased hereunder, the loading of which was completed during the Month covered by such Monthly Statement. The amount invoiced shall be equal to the difference between the amount previously invoiced to Buyer pursuant to Article 9.1(d), and the amount actually due and owing with respect to such Month pursuant to Article 8.
- (b) In the event that the supplemental invoice sent by Seller under sub-Article (a) above shows a net amount owed to Buyer, such amount shall be subtracted from the computation, pursuant to Article 9.1, of the amount payable by Buyer in respect of the Cargo(es) next following the date of the supplemental invoice in such a manner as to eliminate as rapidly as possible the amount of such credit. If the amount of the credit has not been credited in full within fifteen (15) days following the date of such supplemental invoice, then Seller shall forthwith pay to Buyer any remaining amount of such credit.
- (c) In the event that the supplemental invoice shows a net amount owed to Seller, Buyer shall pay to Seller such amount by the date provided in Article 9.5.

## 9.4 Other Invoices

In the event that any other monies are due from one Party to the other hereunder, then the Party to whom such monies are due shall furnish or cause to be furnished an invoice by facsimile therefor and relevant documents showing the basis for the calculation thereof.

## 9.5 Invoice Due Dates

- (a) Each invoice to Buyer referred to in Article 9.1 above shall become due and payable by Buyer on the tenth (10th) calendar day after the date on which the invoice (which may be by facsimile) has been received by Buyer in the United States.

- (b) Any other invoice to Buyer hereunder, which is not covered by sub-Article (a) above, shall become due and payable by Buyer on the fifteenth (15th) calendar day after the date of Buyer's receipt of such invoice in the United States.
- (c) Each invoice to Seller shall become due and payable on the fifteenth (15th) calendar day after Seller's receipt thereof.
- (d) If any invoice due date computed pursuant to sub-Articles (a) through (c) above is not a Business Day in the United States, the due date for such invoice shall be extended to the next day that is a Business Day in the United States.
- (e) If the full amount of any invoice is not paid when due, any unpaid amount thereof shall bear interest, compounded annually, from and including the day following the due date up to and including the date when payment is made, at an interest rate two percent (2%) greater than the Base Rate in effect from time to time during the period of delinquency.

9.6 Payment

Buyer shall pay, or cause to be paid, in U.S. Dollars in immediately available funds all amounts which become due and payable by Buyer pursuant to any invoice issued hereunder, to a bank account or accounts designated by and in accordance with instructions issued by Seller. Seller shall pay, or cause to be paid, in U.S. Dollars in immediately available funds all amounts which become due and payable by Seller pursuant to any invoice issued hereunder to a bank account or accounts designated by and in accordance with instructions issued by Buyer. The paying Party shall not be responsible for a designated bank's disbursement of amounts remitted to such bank, and a deposit in immediately available funds of the full amount of each invoice with such bank shall constitute full discharge and satisfaction of the obligation to pay such invoice under this Contract. Each payment of any amount owing hereunder shall be in the full amount due without reduction or offset for any reason, including, without limitation, taxes, exchange charges or bank transfer charges.

9.7 Seller's Rights upon Buyer's Failure To Make Payment

- (a) If Buyer is in default with respect to any payment obligation under this Contract, Seller shall give Buyer a notice of default ("Default Notice"), and Buyer shall have five (5) Business Days following the receipt of such Default Notice to cure the default by payment in full of the amount in default, including interest as specified in Article 9.5, by wire transfer to Seller's bank account.
- (b) If Buyer fails to pay in full in accordance with this Contract any invoice or invoices for quantities of LNG sold and received hereunder within five (5) days after Buyer's receipt of Default Notice(s) pursuant to Article 9.7(a), Seller shall have the right upon giving ten (10) days' written notice to Buyer to suspend subsequent deliveries to Buyer until the amount of such invoice and interest thereon has been paid. As soon as such a default is cured or, if disputed, it is agreed by the Parties or determined by arbitration pursuant to Article 17 that no such default occurred, Seller shall again become obligated to deliver LNG in accordance with the provisions of this Contract and, if Seller has suspended

deliveries, shall recommence delivery as soon as it is reasonably practicable to do so.

9.8 Disputed Invoices

In the event of disagreement concerning any invoice or credit note, the invoiced Party or Party owing the credit, as the case may be, shall make provisional payment or credit of the total amount thereof and shall immediately notify the other Party of the reasons for such disagreement, except that in case of obvious error in computation, the correct amount shall be paid disregarding such error. Invoices and credit notes may be contested or modified only if, within a period of twenty-four (24) months after receipt thereof, Buyer or Seller serves notice on the other, questioning their correctness. If no such notice is served, invoices and credit notes shall be deemed correct, final and accepted by both Parties. Promptly after resolution of any dispute as to an invoice or credit note, the amount of any overpayment or underpayment shall be paid by Seller or Buyer to the other, as the case may be, plus interest at the rate provided in Article 9.5(e) from the date payment was due to the date of payment.

9.9 Access to Books and Records

Seller shall have the right by its representatives to inspect at the head offices of Buyer, at Seller's expense, books and records of Buyer which deal with sale and deliveries by Buyer of LNG purchased from Seller under this Contract and other relevant information, for the purpose of verifying and computing amounts payable under this Contract. Such inspection or inspections shall take place during normal U.S. business hours after Seller has given reasonable notice of its desire for such inspection or inspections. Buyer shall keep all books, records and other information relevant for the purpose of making payments pursuant to this Contract for at least five (5) years after the date on which the relevant payment was or should have been made; provided, however, that where Buyer is on notice of a dispute, Buyer shall keep all such books, records and other information until such dispute has been finally resolved.

**ARTICLE 10 - QUALITY**

10.1 Gross Heating Value

The LNG when loaded by Seller at the Trinidad LNG Facilities shall have, in a gaseous state, a Gross Heating Value of not less than one thousand (1000) Btus per Standard Cubic Foot and not more than one thousand seventy-five (1075) Btus per Standard Cubic Foot. For the purposes of this Article 10, a "Standard Cubic Foot" shall mean the volume of anhydrous Natural Gas that occupies one actual cubic foot at a temperature of sixty (60.0) degrees Fahrenheit (15.55556 degrees Celsius) and a pressure of 14.73 pounds per square inch absolute ("psia").

10.2 Components

The LNG when loaded by Seller at the Trinidad LNG Facilities shall, in a gaseous state, contain not less than ninety-three molecular percentage (93 mol%) of methane (CH<sub>4</sub>) and,

for the components and substances listed below, such LNG shall not contain more than the following:

- (A) Nitrogen ( $N_2$ ), 1.0 mol%.
- (B) Ethane ( $C_2$ ), 7.0 mol%
- (C) Propane ( $C_3$ ), 2.75 mol%
- (D) Isobutane ( $C_4$ ), 0.47 mol%
- (E) Normal butane ( $C_4$ ), 0.64 mol%
- (F) Pentanes ( $C_5$ ) and heavier, 0.10 mol%
- (G) Hydrogen sulphide ( $H_2S$ ), 0.0004 mol %
- (H) Mercaptan Sulphur, 2.0 mg/ $Nm^3$
- (I) Total sulphur content, 30 mg/ $Nm^3$
- (J) Carbon Dioxide( $CO_2$ ), 0-01 M01%
- (K) Oxygen( $O_2$ ), 0.2 mol%

Should any question regarding quality of the LNG arise, Buyer and Seller shall consult and cooperate concerning such question, but without prejudice to Buyer's right, pursuant to Article 10.3 below, to reject any LNG which fails to meet the above specifications.

### 10.3 Failure To Comply with Quality Specifications

- (a) Seller shall notify Buyer as soon as reasonably practicable of any existing or anticipated failure of the LNG available for delivery to conform to the quality specifications set forth in Article 10.1 and 10.2 above ("Off-Spec LNG"), giving details of the nature and expected magnitude of the variance, the cause of the non-compliance and the probable duration, including the Scheduled Loading Date(s) anticipated to be affected thereby.
- (b) If Buyer is notified by Seller that a Cargo (or Cargoes) of LNG to be delivered is Off-Spec LNG, it shall, within twenty-four (24) hours of being so notified,
  - (i) notify Seller that it will take delivery of all or any of the affected Cargo(es), without prejudice to Buyer's rights and remedies with respect to such Off-Spec LNG, other than Buyer's right to reject said Cargo(es); or
  - (ii) reject all or any of the affected Cargo(es). However, upon Seller's request, Buyer shall use reasonable endeavours to take delivery of any Cargo(es) which it is entitled to reject and if Buyer, being entitled to reject any such Cargo(es), by using its reasonable endeavours is able to, and does, accept such Cargo(es), Seller shall reimburse Buyer for any necessary costs incurred (over and above those normally incurred) in receiving and treating the LNG or Regasified LNG from such Cargo(es) by such means as are appropriate including, without limitation, mixing with lower calorific value natural gas or injecting nitrogen.

## ARTICLE 11 - MEASUREMENT

The volume and Btu quantities of the LNG sold and delivered to Buyer at the Delivery Point shall be the volume and Btu quantities of the same LNG Cargo as loaded at the Trinidad LNG

Facilities (as measured pursuant to Article 11 of the Trinidad LNG Sales Contract), minus the Boil-Off Adjustment.

### **ARTICLE 12 – DELIVERY, TITLE AND RISK OF LOSS**

The title to and risk of loss of the LNG shall pass from Seller to Buyer at the last point where the LNG Tanker carrying the Cargo is outside the territorial waters of the country in which the LNG Cargo is to be discharged. The point at which title to and risk of loss of the LNG passes for any given LNG Cargo shall be referred to as the "Delivery Point." Buyer shall have the right to direct any Cargo purchased hereunder to the Everett Receiving Facilities or to any LNG receiving facility in the Western Atlantic, provided that (i) such delivery will permit the LNG Tanker to return to Trinidad in time for its next scheduled loading, (ii) such delivery will not cause Seller to breach any obligation under the Trinidad LNG Sales Contract, and (iii) the LNG Tanker is or, with reasonable efforts, can be made compatible with the designated LNG receiving facility.

### **ARTICLE 13 - FORCE MAJEURE**

#### **13.1 Events of Force Majeure**

- (a) Neither Seller nor Buyer shall be liable for any delay or failure in performance hereunder if and to the extent such delay or failure is a result of Force Majeure, except for the performance of any payment obligation that has accrued prior to the Force Majeure event. The term "Force Majeure" shall mean any act, event or circumstance, whether of the kind described herein or otherwise, which is not reasonably within the control of the Party claiming Force Majeure, which prevents or delays such Party's performance. It shall include but not be limited to circumstances of the following kind:
  - (i) Fire, flood, atmospheric disturbance, lightning, storm, hurricane, tornado, earthquake, landslide, soil erosion, subsidence, washout or epidemics;
  - (ii) War, riot, civil war, blockade, insurrection, acts of public enemies or civil disturbances;
  - (iii) Strike, lockout or other industrial disturbances;
  - (iv) Damage to, loss or failure of Natural Gas reservoirs (other than through natural depletion by production) or production facilities from which the Reserves are produced, the facilities for transportation of Natural Gas from the production facilities to the Trinidad LNG Facilities, or the Trinidad LNG Facilities;
  - (v) Damage to, loss or failure of the Everett Receiving Facilities;
  - (vi) Damage to, loss or failure of the pipeline transmission and distribution facilities or of trucks engaged in the transportation of LNG or Regasified LNG from the Everett Receiving Facilities;

- (vii) Damage to, loss or failure of an LNG Tanker or inability of an LNG Tanker to reach berth;
- (viii) Inability of Atlantic LNG to obtain, or delays in obtaining, at reasonable cost, such servitudes or rights of way necessary to finance, construct and/or operate the Trinidad LNG Facilities;
- (ix) Acts of governmental entity, agency, national, port or other local authority having jurisdiction, including but not limited to the issuance or promulgation of any court order, law, statute, ordinance, rule, regulation or directive, the effect of which would prevent, delay or make unlawful a Party's performance hereunder, or would require such Party, in order to comply with said act, to take measures which are unreasonable in the circumstances;
- (x) Inability to obtain, or the suspension, termination, adverse modification, interruption, or inability to renew, any servitude, right of way, easement, permit, license, consent, authorization or approval of any governmental entity, agency, national, port or other local authority having jurisdiction;
- (xi) Inability of one or more of Buyer's or any Marketing Affiliate's customers to take delivery of LNG, Regasified LNG or Natural Gas pursuant to its/their purchase contract(s) with Buyer or any Marketing Affiliates.

The foregoing provisions shall not be construed to require a Party to observe a higher standard of conduct than that required by the usual and customary standards of the industry as a condition to claiming the existence of Force Majeure.

- (b) Where an act, event or circumstance which primarily affects a third party or third parties (including, without limitation, the operators of the Reserves or the facilities for transportation of Natural Gas from the production facilities to the Trinidad LNG Facilities referred to in Article 13.1(a)(iv) above, the operators of the pipeline transmission and distribution facilities or trucks referred to in Article 13.1(a)(vi) above, the owner or operator of an LNG Tanker as provided in Article 13.1(a)(vii) above, Buyer's or any Marketing Affiliate'(s) customers referred to in Article 13.1(a)(xi) above, an Affiliate of a Party or a Party's or its Affiliate's subcontractors) prevents or delays Seller's or Buyer's performance hereunder, such act, event or circumstance shall constitute Force Majeure hereunder as to Seller or Buyer as appropriate only if it is of a kind or character that, if it had happened to a Party, would have come within the definition of Force Majeure under this Article 13.1.

### 13.2 Notice: Resumption of Normal Performance

- (a) Immediately upon the occurrence of an event of Force Majeure that may delay or prevent the performance by Seller or Buyer of any of its obligations hereunder, the Party affected shall give notice thereof to the other Party describing such event and stating the obligations the performance of which are, or are expected to be,

delayed or prevented, and (either in the original or in supplemental notices) stating:

- (i) its bona fide good faith estimate of the period during which performance may be suspended or reduced, including, to the extent known or ascertainable, the estimated extent of such reduction in performance; and
  - (ii) the particulars of the programme to be implemented to achieve full resumption of normal performance hereunder.
- (b) In order to resume normal performance of this Contract within the shortest practicable time, the Party affected by an event of Force Majeure shall take all measures to this end which are reasonable in the circumstances, taking into account the consequences resulting from such event of Force Majeure. Prior to resumption of normal performance the Parties shall continue to perform their obligations under this Contract to the extent not prevented by such event.
- (c) Upon request of the non-affected Party given no sooner than the second Business Day after the affected Party's notice of Force Majeure, the affected Party shall forthwith use all reasonable endeavors to give or procure access for representatives of the non-affected Party to examine the scene of the event which gave rise to the claim of Force Majeure and such access shall be at the expense of the affected Party.

### 13.3 Settlement of Industrial Disturbances

Settlement of strikes, lockouts or other industrial disturbances shall be entirely within the discretion of the Party experiencing such situations, and nothing herein shall require such Party to settle industrial disputes by yielding to demands made on it when it considers such action inadvisable.

## **ARTICLE 14 - DUTIES, TAXES AND OTHER GOVERNMENTAL CHARGES**

Seller shall pay all port charges, including, without limitation, customs clearance and immigration fees and ship's agent fees, or any other fees, duties, taxes or charges imposed by the Government of the Republic of Trinidad and Tobago or the United States of America or any subdivision or other governmental authority in Trinidad and Tobago or the United States of America, or such other country in which the cargo may be discharged, on LNG Tankers employed by Seller for the transportation of LNG purchased hereunder.

## **ARTICLE 15 - SELLER'S WARRANTY AND INDEMNITY**

Seller warrants that it has title to all LNG supplied hereunder, and covenants that it has the right to sell the same and that such LNG will be free from liens, encumbrances, adverse claims and proprietary rights at the passing of title at the Delivery Point, and that no circumstances will then exist which could give rise to any such encumbrances, adverse claims or proprietary rights other than those that may be caused by acts or omissions of Buyer. Seller shall indemnify and hold Buyer and its Affiliates harmless against all loss, liability, damage and expense of every kind on

account of adverse claims or proprietary rights to title in the LNG supplied at the Delivery Point or encumbrances thereon, other than claims, rights, encumbrances caused by Buyer's acts or omissions. For purposes of this Article 15, the term "encumbrance" shall include, without limitation, any mortgage, pledge, lien, charge, assignment by way of security, security interest, title retention, preferential right or trust arrangement or any other security agreement or arrangement having the effect of security. Without prejudice to Buyer's rights and remedies under Article 10 with regard to Off-Spec LNG, SELLER EXPRESSLY NEGATES ANY OTHER REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO CONFORMITY TO SAMPLES, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE.

#### **ARTICLE 16 - APPLICABLE LAW**

This Contract shall be governed by and interpreted in accordance with the laws of the State of New York, United States of America, excluding any choice-of-law rules which would require the application of the laws of any other jurisdiction.

#### **ARTICLE 17 - ARBITRATION**

Any dispute, controversy or claim arising out of or relating to this Contract or the breach, termination or invalidity thereof shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules in effect on the date of this Contract. The appointing authority shall be the American Arbitration Association (the "AAA"), and the arbitration shall be administered by the AAA in accordance with its then current procedures for the administration of cases under the UNCITRAL Rules. Arbitration shall be conducted in the English language and shall be held at Boston, Massachusetts, United States of America, unless another location is selected by mutual agreement of the Parties. The award rendered by the arbitrators shall be final and binding upon the Parties and may be entered and enforced in any court of competent jurisdiction.

#### **ARTICLE 18 - LIABILITIES**

##### **18.1 Consequential Loss or Damage**

Notwithstanding anything contained in this Contract, neither Party shall be liable to the other Party for or in respect of any consequential loss or damage, including any claim, demand or action made or brought against the other Party by a third party, or for special or punitive damages or loss of profits or business interruption, suffered or incurred by the other Party resulting from breach of or failure to perform this Contract or the breach of any representation or warranty hereunder, whether express or implied.

##### **18.2 Tortious Liability**

The Parties recognize that, with respect to breaches of this Contract (and acts or omissions which constitute breaches), their relationship with each other is contractual and



that neither Party shall have any claim against the other in tort with respect to such breaches. This Article 18.2 is not intended to exclude a Party's right of contribution or indemnity against the other to the extent such right would be available by contract or in law or equity.

18.3 No Third Party Beneficiaries

Nothing in this Contract, express or implied, is intended to confer on any other person any rights or remedies as a third party beneficiary in or by reason of this Contract.

18.4 Parties' Liability, Relationship of Shareholders

Buyer's sole recourse and remedy under this Contract shall be against Seller and its assets, and Seller's sole recourse and remedy under this Contract shall be against Buyer and its assets. Neither Party shall have any right, and each Party hereby expressly waives any right, to pursue any action or claim with respect to breaches of this Contract,

- (a) in the case of Buyer, against any of Seller's Affiliates, Seller's shareholders, Seller's shareholders' Affiliates or the assets of any of them, and
- (b) in the case of Seller, against any of Buyer's Affiliates, Buyer's shareholders or Buyer's shareholders' Affiliates or the assets of any of them.

**ARTICLE 19 - CONFIDENTIALITY**

Save as hereinafter provided, information or documents which come into the possession of the Parties in connection with the performance of this Contract may not be used or communicated to third parties without mutual written agreement of the Parties. However, either Party shall have the right to disclose such information or documents:

- (a) to legal counsel, accountants, other professional consultants, underwriters or providers of finance to either Party in relation to this Contract, provided such disclosure is solely to assist the purpose for which the aforesaid were so engaged;
- (b) if required by any order of court or any law, rule, regulation, or directive of any governmental agency or entity with jurisdiction over a Party or an Affiliate of such Party and having authority to require such disclosure in accordance with that authority or pursuant to the rules of any recognized stock exchange or agency established in connection therewith;
- (c) to its Affiliates, its shareholders or a shareholder's Affiliate, and any employee of a company to which disclosure is permitted pursuant to this Article 19(c); and
- (d) to the extent any such information or document has entered the public domain other than through the fault or negligence of the Party making the disclosure. Except for required disclosures under sub-Article (b) above, for this purpose any improper use or disclosure by a permitted recipient of a Party (as aforesaid) shall be deemed to be the fault or negligence of such Party.

## **ARTICLE 20 - NOTICES**

All notices and other communications for purposes of this Contract shall be in writing, which shall include transmission by facsimile or other similar electronic method of written transmission mutually agreed by Seller and Buyer, except that notices given from LNG Tankers at sea may be by radio or telex, unless stated otherwise. Notices and communications shall be directed as follows:

To Seller at the following mail, telex and facsimile addresses:

Cabot LNG Trading Limited  
The Corporate Centre  
Bush Hill  
Bay Street  
Bridgetown, St. Michael  
Barbados  
Fax: (246)-427-8105

To Buyer at the following mail and facsimile addresses:

Distrigas Corporation  
75 State Street, 12th Floor  
Boston, MA 02109 U.S.A.  
Fax: (617) 526-8344  
Telex:

The Parties may designate additional addresses for particular communications as required from time to time, and may change any addresses, by written notice of such additions or changes. Immediately upon receiving communications by facsimile or other similar electronic method of written transmission, or radio, a Party shall acknowledge receipt by the same means if requested in the communication, and may request a repeat transmittal of the entire communication or confirmation of particular matters. Without prejudice to the validity of the original notice, the Party receiving any notice given by facsimile or other similar electronic method of written transmission may request the confirmation of the notice by letter and promptly upon such request, the sending Party shall make such confirmation by letter.

## **ARTICLE 21 - ASSIGNMENT**

Neither this Contract nor any rights or obligations hereunder may be assigned (other than to an Affiliate) by Buyer without the prior written consent of Seller, or by Seller without the prior written consent of Buyer, which consent may be withheld at the sole option and discretion of the non-assigning Party. No assignment shall release the assigning Party from any of its obligations under this Contract except to the extent expressly agreed in writing by the other Party.

**ARTICLE 22 - MISCELLANEOUS**

**22.1 Amendment**

This Contract constitutes the entire agreement between the Parties and supersedes all prior agreements, written or oral, between the Parties relating to the subject matter hereof. This Contract shall not be amended, modified, varied or supplemented except by an instrument in writing signed by Seller and Buyer.

**22.2 Waiver**

The failure of any Party at any time to require performance of any provision of this Contract shall not affect its right to require subsequent performance of such provision. Waiver by any Party of its rights and remedies in respect of any breach of any provision hereof shall not constitute a waiver in respect of any subsequent breach of such provision. Performance of any condition or obligation to be performed hereunder shall not be deemed to have been waived or postponed except by an instrument in writing signed by the Party who is claimed to have granted such waiver or postponement.

**22.3 Exchange of Information**

Seller and Buyer shall maintain close communication and mutually provide and exchange available information directly relevant to the performance of this Contract.

**22.4 Headings**

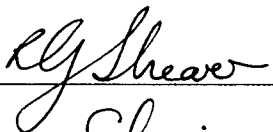
The headings of the Articles and sub-Articles of this Contract are for convenience only and shall not be used in the interpretation of this Contract.

**IN WITNESS WHEREOF**, each of the Parties has caused this Contract to be executed by its duly authorized officer as of the date first written above.

**SELLER:**

**CABOT LNG TRADING LIMITED**

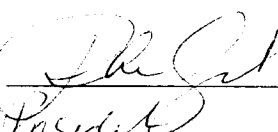
By:  
Its:

  
Chairman

**BUYER:**

**DISTRIGAS CORPORATION**

By:  
Its:

  
President

**Exhibit A**  
**To**  
**LNG Sales Contract**

**Determination of Price**

Buyer shall pay to Seller for each Cargo of LNG delivered hereunder an amount equal to ninety nine percent (99%) of the amount received by Buyer for the resale of that cargo.



Distrigas Corporation  
75 State Street  
Boston, Massachusetts 02109  
Tel: (617) 526-8300  
Fax: (617) 526-8344  
Telex: 413191

July 25, 2000

Mr. John Glynn  
Office of Fuels Programs  
United States Department of Energy  
FE-34, Room 3E-052  
Forrestal Building, 1000 Independence Avenue S.W.  
Washington, DC 20585

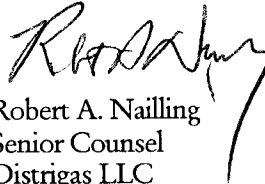
Re: Docket Nos. ERA 88-37-LNG  
FE 89-16-LNG  
**FE 95-100-LNG**  
FE 98-58-LNG

Dear Mr. Glynn:

Kindly note that Distrigas Corporation has been converted to Distrigas LLC, effective July 10, 2000. In accordance with Section 266 of the Delaware General Corporation Law, Distrigas LLC is the continuation of Distrigas Corporation for all purposes.

Please let us know if there are any questions. I can be reached at (617) 526-8312. Thank you.

Sincerely yours,

  
Robert A. Nailling  
Senior Counsel  
Distrigas LLC

DOENamChg.M1

REC'D DOE/FE  
2000 JUL 26 A 11:39

LAW OFFICES

**BALLARD SPAHR ANDREWS & INGERSOLL, LLP**

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CAMDEN, NJ

DENVER, CO

SALT LAKE CITY, UT

HOWARD H. SHAFFERMAN

DIRECT DIAL: 202-661-2205

HHS@BALLARDSPAHR.COM

Rec'd By DOE/OFE  
Natural Gas Regulation  
Ofc. of Natural Gas & Petroleum  
Import & Export Activities

October 24, 2000

OCT 24 2000

**Via Courier**

Mr. John W. Glynn  
Manager, Natural Gas Regulation  
Office of Natural Gas and Petroleum Import and Export Activities  
Fossil Energy  
U.S. Department of Energy  
Forrestal Building 3E-042, FE-34  
1000 Independence Avenue, SW  
Washington, DC 20585

Re: Report of Changes  
Distrigas Corporation, DOE/FE Docket Nos. 88-37-LNG, 89-16-LNG,  
94-14-NG, **95-100-LNG**, 98-58-LNG;  
Cabot Energy Service Corporation, DOE/FE Docket No. 00-29-LNG

Dear Mr. Glynn:

Pursuant to 10 C.F.R. § 590.407, a report is hereby given of the following change  
pertinent to the referenced dockets:

All of the shares of Distrigas LLC and Cabot Energy Service Corporation  
were, until September 19, 2000, owned indirectly by Cabot Corporation. On  
and after September 19, 2000, these shares are now owned indirectly by  
Tractebel, Inc.

Please have your staff date-stamp the extra copy and return it to the messenger  
making this filing.

Mr. John W. Glynn  
October 24, 2000  
Page 2

If you have any questions please call me at (202) 661-2205.

Very truly yours,

A handwritten signature in black ink, appearing to read "Howard H. Shafferman".

Howard H. Shafferman  
Counsel for Tractebel, Inc.

cc: Timothy R. Dunne, Esq.  
Tractebel, Inc.